

CENTRAL INTELLIGENCE AGENCY
WASHINGTON 25, D. C.

The Honorable John L. McClellan
Chairman, Committee on Expenditures
in the Executive Departments
United States Senate
Washington, D. C.

Dear Senator McClellan:

Reference is made to your letter of 26 October 1950 requesting information concerning potential and realized benefits gained by the Central Intelligence Agency from the enactment of Public Law 110 and other legislative acts passed by the 81st Congress.

The Central Intelligence Act of 1949, Public Law 110, approved 20 June 1949, was enacted for the purpose of providing for the administration of the Agency which was established pursuant to section 102 of the National Security Act of 1947, Public Law 253, 80th Congress, 1st Session.

Prior to 20 June 1949 CIA was administered under laws and regulations of general application and under authorities of appropriation acts which provided funds. These authorities were inadequate to serve the needs of an intelligence agency, consequently administrative officials were required to continually resolve legal and other obstacles in order to provide the necessary services. Public Law 110 provides the basic law which establishes the administrative authorities necessary for CIA to carry out effectively its assigned responsibilities. The law has provided the flexibility and security of operations necessary in an intelligence organization.

Action has been taken to carry out all the provisions of the law and to issue appropriate regulations required by the Act. Categories covered include (1) procurement, (2) education and training, (3) travel, allowances and related expense which, in an intelligence agency, cover many complex problems incidental to foreign and domestic travel not common to most government agencies, (4) medical services program, (5) budgetary and accounting controls which are particularly necessary because of the Agency's comparatively broad latitude in the application of appropriated funds, (6) personnel, and (7) other general authorities usually set forth in appropriation language.

The administrative deficiencies that have been eliminated and the major improvements which have been realized from this Act result from the fact that the basic law permits actions to be taken now which heretofore had been restricted by certain legal limitations. However, action on specific improvements that is now permissible includes (1) providing specialized training, (2) exercising the authority to

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[REDACTED] without too many restrictive limitations, and (3) providing a home leave program for personnel assigned overseas.

The primary objective of Public Law 110 was to provide a framework for effective administration of functions prescribed by Public Law 253, Sec. 102 and 303. The direct financial savings that have been realized cannot be ascertained in dollars and cents, but it is felt that savings do accrue because the law permits prompt actions to be taken now in many cases where in the past considerable efforts were required on the part of Agency officials in searching for legal ways and means for processing urgent projects. While no particular savings can be cited, no additional costs have been incurred through exercise of the authorities in the Act.

The Central Intelligence Agency is exempt from the provisions of the Federal Property and Administrative Services Act of 1949, and amendments thereto (Public Laws Nos. 152 and 754). However, the Agency does conform to the law and regulations promulgated in connection therewith to the extent possible within security considerations.

The Budget and Accounting Procedures Act of 1950, Public Law 784, was approved on 12 September 1950. CIA officials are studying the act and conferring with representatives of the General Accounting Office, the Bureau of the Budget, and the Treasury Department concerning the budget and the accounting and reporting procedures best suited for the needs of this Agency.

Sincerely yours,

WALTER B. SMITH
Director

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(SENDER WILL CIRCLE CLASSIFICATION TOP AND BOTTOM)

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CENTRAL INTELLIGENCE AGENCY
OFFICIAL ROUTING SLIP

TO		INITIALS	DATE
1	Legal Staff		
2	Attn: Legislative Liaison Officer		
3			
4			
5			

FROM		INITIALS	DATE
1	Budget Officer	<i>[Signature]</i>	10 Nov. 1950
2			
3			

Re-written letter sent out 24 Nov 1950

<input type="checkbox"/> APPROVAL	<input type="checkbox"/> INFORMATION	<input type="checkbox"/> SIGNATURE
<input type="checkbox"/> ACTION	<input type="checkbox"/> DIRECT REPLY	<input type="checkbox"/> RETURN
<input type="checkbox"/> COMMENT	<input type="checkbox"/> PREPARATION OF REPLY	<input type="checkbox"/> DISPATCH
<input type="checkbox"/> CONCURRENCE	<input type="checkbox"/> RECOMMENDATION	<input type="checkbox"/> FILE

REMARKS:

Attached is a draft of a proposed reply to the request dated 26 October 1950 of the U. S. Senate Committee on Expenditures in the Executive Departments. There is also attached background material used in drafting the reply.